



## **5.0 REAL ESTATE EVALUATION**

The State of Iowa Capitol Complex has a deficit in office space, and, in combination with centralized services and decreased overhead costs, office space within the Capitol Complex is preferred.

### **5.1 Office Space Demand for Capitol Complex**

Per the SGS Group *Iowa Capital Complex Facilities Needs Assessment Supporting Documentation, Appendix B, April 19, 2000*, there is "...a projected need in the year 2020 of between 2,032,389 net square feet (NSF) and 2,206,989 NSF. The current space inventory totals 1,084,000 NSF of owned space."

The Wallace State Building provides approximately 147,130 NSF of space.

- At the end of 2004, laboratory occupants will vacate 10,800 NSF of space in the Wallace Building.
- In 2006, Public Safety occupants will vacate 38,500 NSF of space in the Wallace Building.

If the Wallace Building can be renovated and its square footage reused, there is certainly a need for the space, based upon the SGS Group study.

### **5.2 Value of On-Campus Office Space**

Wallace Building site value is driven by demand. In 1999, roughly 300,000 square feet of space was leased by default in the Capitol area and in downtown Des Moines. This deficit of on-campus office space is the demand driver. Based on the "Facilities Needs Assessment Supporting Documentation Appendix B" off-campus lease rates averaged \$13.87 per rentable square foot (RSF). In 1999 full service lease rate of \$12.32 per RSF is the break-even rate for the State to pay for off-campus leases in comparison to on-campus costs. The net savings of \$1.55 per RSF results in the Wallace building having a net real estate value to the State of roughly \$250,000 per year. This is an annual savings to be realized by the Iowa taxpayers.